

To the Members of the California State Assembly:

I am returning Assembly Bill 1328 without my signature.

This bill would allow a homeowners association (HOA) of a common interest development (CID) to enter into a contract of up to five years for water or energy efficiency programs under specified conditions.

This bill is unnecessary. Existing law limits a HOA's capacity to enter into multi-year contracts for various types of services, instead requiring a vote of the membership to enter into contracts of more than one year. This bill would override this important veto requirement, weakening the system of self governance that is central to the operations of CIDs and could result in contracts that do not reflect the approval of a majority of the members of the HOA. Further, if this bill is enacted, it could potentially expose CID members to long-term negative consequences brought about by board mistakes.

For these reasons I am unable to sign this bill.

Sincerely,

Arnold Schwarzenegger